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## **Independent Accountants' Report on the Application of Agreed-Upon Procedures on Indirect Cost Rates Proposed by America-Mideast Educational and Training Services, Inc.**

The Department of State, Office of Inspector General contracted with Regis & Associates, PC, Certified Public Accountants, to perform agreed-upon procedures to determine whether the indirect cost rates proposed by America-Mideast Educational and Training Services, Inc. (AMIDEAST), for the fiscal year ended September 30, 2005, complied with applicable regulations.

The independent accountants found AMIDEAST's accounting system to be adequate for accumulating and reporting indirect costs under the provisions of the Office of Management and Budget (OMB) Circulars A-122, Codified at 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, and A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. However, the independent accountants noted that the proposed indirect costs for general and administrative expenses for FY 2005 included \$2,130 of entertainment charges that contravene the provisions of OMB Circular A-122. Accordingly, the independent accountants questioned these costs as unallowable.

The independent accountants found that except for the questioned costs, the indirect cost rates proposed by AMIDEAST for FY 2005 were properly calculated, and the indirect cost rate structures complied with the provisions OMB Circular A-122. The independent accountants recommended that the Department accept and finalize the indirect cost rates for FY 2005, as recommended in the report.

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The work for OIG Report AUD/CG-08-08 was conducted by Regis & Associates, PC. This is an unclassified summary of a full report, which may receive limited official distribution.

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